

# Michigan

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

(In Thousands)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				
	MAJOR				GOVERNMENTAL
	STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS	NON-MAJOR	TOTALS	ACTIVITIES -- INTERNAL SERVICE FUNDS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from federal and local agencies	\$ -	\$ 91,469	\$ -	\$ 91,469	\$ -
Receipts from customers	2,357,674	1,645,549	742,959	4,746,183	1,768,285
Membership dues	-	-	4,944	4,944	-
Payments to employees	(14,347)	-	(16,582)	(30,929)	(198,012)
Payments to suppliers	(45,792)	-	(583,979)	(629,771)	(723,609)
Payments to prize winners	(1,404,491)	-	-	(1,404,491)	-
Payments for commissions to retailers	(216,569)	-	-	(216,569)	-
Claims paid	-	(2,018,917)	-	(2,018,917)	(819,239)
Other receipts	-	32,599	(3,625)	28,974	-
Other payments	-	(2)	(1,628)	(1,630)	(7,712)
Net cash provided (used)					
by operating activities	\$ 676,475	\$ (249,302)	\$ 142,089	\$ 569,262	\$ 19,712
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Advances from federal government	\$ -	\$ 502,400	\$ -	\$ 502,400	\$ -
Advance repayments to federal government	-	(502,400)	-	(502,400)	-
Loans or loan repayments from other funds	-	-	-	-	3,415
Loans or loan repayments to other funds	-	-	-	-	(1,217)
Specific tax on spirits	-	-	13,133	13,133	-
Transfers to other funds	(767,766)	(21,537)	(162,440)	(951,743)	(1,307)
Net cash provided (used)					
by noncapital financing activities	\$ (767,766)	\$ (21,537)	\$ (149,307)	\$ (938,610)	\$ 891
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	\$ (93)	\$ -	\$ (12)	\$ (105)	\$ (35,995)
Interest paid	-	-	-	-	(393)
Capital lease payments					
(including imputed interest expense)	-	-	-	-	(7,781)
Proceeds from sale of capital assets	-	-	-	-	109
Net cash provided (used) by capital					
and related financing activities	\$ (93)	\$ -	\$ (12)	\$ (105)	\$ (44,060)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds (purchases) from sale and maturities					
of investment securities	\$ 87,130	\$ 263,361	\$ (1,102)	\$ 349,389	\$ -
Interest and dividends on investments	5,186	7,513	4,872	17,571	-
Income from securities lending activities	20,811	-	-	20,811	-
Expenses from securities lending activities	(19,816)	-	-	(19,816)	-
Net cash provided (used)					
by investing activities	\$ 93,310	\$ 270,874	\$ 3,770	\$ 367,954	\$ -
Net cash provided (used) - all activities	\$ 1,925	\$ 35	\$ (3,459)	\$ (1,499)	\$ (23,457)
Cash and cash equivalents					
at beginning of year	1,629	18,448	62,017	82,094	237,047
Cash and cash equivalents					
at end of year	\$ 3,555	\$ 18,483	\$ 58,558	\$ 80,595	\$ 213,590

The accompanying notes are an integral part of the financial statements

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	STATE LOTTERY FUND	MICHIGAN UNEMPLOYMENT COMPENSATION FUNDS	NON-MAJOR	TOTALS	ACTIVITIES -- INTERNAL SERVICE FUNDS
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>					
Per Statement of Net Assets Classifications:					
Cash	\$ 2	\$ 5,676	\$ 1,581	\$ 7,259	\$ 13
Equity in common cash	4,584	12,807	60,449	77,841	214,657
Warrants outstanding	(1,032)	-	(3,472)	(4,504)	(1,081)
Cash and cash equivalents at end of year	<u>\$ 3,555</u>	<u>\$ 18,483</u>	<u>\$ 58,558</u>	<u>\$ 80,595</u>	<u>\$ 213,590</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 752,878	\$ (246,211)	\$ 141,179	\$ 647,846	\$ (29,512)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation expense	140	-	10	150	48,447
Amortization of prize award obligation discount	(24,884)	-	-	(24,884)	-
Other reconciling items	187	-	-	187	-
Net Changes in Assets and Liabilities:					
Inventories	256	-	(1,584)	(1,329)	(1,214)
Other assets (net)	(5,327)	(249)	(2,123)	(7,699)	15,041
Accounts payable and other liabilities	3,751	(2,802)	4,285	5,234	(13,050)
Prize awards payable	(50,526)	-	-	(50,526)	-
Deferred revenue	-	(40)	323	283	-
Net cash provided (used) by operating activities	<u>\$ 676,475</u>	<u>\$ (249,302)</u>	<u>\$ 142,089</u>	<u>\$ 569,262</u>	<u>\$ 19,712</u>
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>					
Cost of capital assets acquisitions financed by capital leases	\$ -	\$ -	\$ -	\$ -	\$ 3,450
Capital lease liabilities entered into during the year	-	-	-	-	(3,450)
Increase (decrease) in fair value of investments	(4,202)	-	-	(4,202)	-
Transfers to other funds (accrual)	(10,901)	(1,006)	-	(11,907)	-
Gain (loss) on disposal of capital assets	-	-	-	-	(36)
Total noncash investing, capital, and financing activities	<u>\$ (15,102)</u>	<u>\$ (1,006)</u>	<u>\$ -</u>	<u>\$ (16,108)</u>	<u>\$ (36)</u>